(d) If so, by when a decision in this regard is likely to be taken?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) Yes, Sir.

(b) As the matter relates to State Governments this data is not maintained by the Government of India.

(c) No, Sir.

(d) Does not arise.

Lessening the Debt/Loan burden on States

†*376. DR. PRABHA THAKUR:
SHRI BALKAVI BAIRAGI:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have considered the suggestions received from the States regarding lessening the burden of loans and to make the proportion of Central assistance and loan as 50:50 in comparison to the present proportion of 70:30;

(b) if so, the outcome thereof;

(c) whether any scheme has been formulated by the Central Government to lessen the burden of loans on States; and

(d) if so, the details of the said scheme and by when it is likely to be implemented?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) and (b) Yes, Sir. As a part of the States' suggestions for a revision in the Gadgil Formula and in the subsequent discussions in the 49th Meeting of the National Development Council (NDC) held on the Ist September, 2001, several non-special category States have *inter-alia*, proposed liberalizing the existing loan-grant ratio for Central Plan Assistance. The existing loan-grant ratio of Plan assistance to States is based on the Gadgil

†Original notice of the question was received in Hindi.

Formula as approved by the NDC in December, 1991. Any change, therefore, in the Formula requires the approval of the NDC, subject to the overall resource position of the Centre.

(c) and (d) Yes, Sir. A "Debt Swap Scheme" has been formulated by the Central Government which aims at utilizing the current low interest rate regime to enable States to prepay expensive loans from Government of India in the past, with current low coupon bearing Small Savings and Open Market Loans. In 2002-03, 20% of Net Small Savings Loan payable to States from September have been used to prepay past debt. This has been supplemented by Rs. 10,000 crores of Open Market Borrowings for achieving the same purpose. In the current year, 30% of Net Small Savings, complemented by Additional Market Borrowings will be used for the swap. In fiscal year 2004-05, the swap will be effected through 40% of Net Small Savings and Additional Open Market Borrowings.

Bailout package for Steel Companies

*377. SHRI JIBON ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that banks and financial institutions are going to forego Rs. 1400 crores as a result of bailout package to three steel companies namely, Essar Steel, Ispat Industries and Jindal Vijaynagar Steel; and

(b) if so, the modalities thereof?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) and (b) No, Sir. Under the aegis of the Corporate Debt Restructuring (CDR) mechanism instituted by the Reserve Bank of India, the CDR Empowered Group has worked out a package for the Steel Industry. Essar Steel Limited, Ispat Industries Limited and Jindal Vijayanagar Steel Limited have availed of this package. The terms and conditions of the package include writing down of equity by the borrowers and furnishing of personal guarantees. The salient features of the restructuring by lenders are as follows:

(i) The new rupee loan would carry interest rate of 14% p.a. as against the higher document rate.